



Work Opportunity Tax Credit (WOTC) and Welfare-to-Work (WtW) Tax Credit

DESCRIPTION

WORK OPPORTUNITY TAX CREDIT

The Work Opportunity Tax Credit Program has two main objectives:

1. It seeks to address the employment and training needs of a large group of individuals who face significant barriers to employment.
2. It provides tax credits to employers who hire individuals from several targeted groups.

Amount of Tax Credit Available

The full tax credit is 40 percent of up to \$6,000 paid out in wages during the first twelve months of employment for new hires who work at least 400 hours. The maximum tax credit for each individual hired is \$2,400. For new hires that leave before they have worked 400 hours, a partial credit is available. If a new hire works at least 120 hours but less than 400 hours, the employer may take a partial credit of 25 percent of up to \$6,000 paid out in wages. The tax credit for the summer youth target group is limited to the first \$3,000 in wages. Unused portions of the credit may be carried back three years and forward 15 years.

Targeted Groups

The targeted groups are:

- Recipients of Aid to Families with Dependent Children (AFDC)
- Veterans who received Food Stamps for at least three out of the last 15 months
- Economically disadvantaged ex-felons hired no later than one year after conviction or release from prison
- Vocational rehabilitation referrals
- Summer youth ages 16 through 17 who reside in an Empowerment Zone or an Enterprise Community
- Individuals aged 18-24 who reside in an Empowerment Zone or Enterprise Community
- Individuals aged 18-24 who have received food stamps for at least three months within 60 days of their date of hire.

WELFARE-TO-WORK TAX CREDIT PROGRAM

The Welfare-to-Work Tax Credit Program is for hiring long-term welfare (AFDC) recipients.

FORMS

All needed forms to make application may be found at: <http://jobs.utah.gov/employer/Business/wotc.asp>

CONTACT INFORMATION

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Department of Workforce Services

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Auxiliary aids and services are available upon request to individuals with disabilities. Call (801) 526-9240. Individuals with speech and/or hearing impairments may call the state relay by dialing 711. Spanish Relay Utah: 1-888-346-3162.